

File

RAM

Petroleums Limited

RAM PETROLEUMS LIMITED
(Incorporated under the laws of Ontario)

Executive and Head Office	Suite 4001 Toronto-Dominion Tower Toronto-Dominion Centre Toronto 1, Ontario
Directors	HOWARD BARCLAY RICHARD H. KREMPULEC RALPH W. McDOWELL ROBERT J. OPEKAR RICHARD BREDIN STAPELLS, Q.C.
Officers	ROBERT J. OPEKAR, President RICHARD H. KREMPULEC, Secretary
General Manager	LEONARD CASCIATO
Petroleum Consultant	BRUCE B. CORDEN, P. Eng. St. Clair, Michigan
Transfer Agent	GUARANTY TRUST COMPANY OF CANADA Toronto, Ontario
Auditors	THORNE, GUNN, HELLIWELL & CHRISTENSON Toronto, Ontario
Banker	ROYAL BANK OF CANADA 20 King St. W., Toronto, Ontario
Legal Counsel	STAPELLS, SEWELL, STAPELLS, PATTERSON & ROGERS Toronto, Ontario GIFFEN & PENSA London, Ontario

Interim Report 1969

To The Shareholders:

The unaudited consolidated comparative statement of income and statement of source and application of funds for the six month period ended June 30, 1969 of your company are enclosed.

Net working capital increased by \$454,333 in the six month period or the equivalent of 14.9¢ per share issued. Your company is presently in a strong cash position and well situated to take advantage of any opportunity that presents itself.

Since my report to shareholders dated May 16, 1969, your company has filed on two oil and gas permit blocks in the Great Bear-Lake area of the Northwest Territories. The 543,435 acres thus acquired should become a valuable asset as the search for natural gas and oil results in more exploration in this part of the basin.

In May of 1969 your company drilled a discovery oil well on lands under farmout from Baslen Petroleum Limited et al. It thereby earned a 50% interest in 550 acres located about one mile north of its Terminus Gas Reef. This well has been completed recently and is presently flowing oil through a 1/8 inch choke at the rate of about 100 bbls. daily. A second well, Ram-Baslen No. 2, will be drilled shortly in order to develop this acreage further.

For tax reasons your company has formed Ram Petroleum Inc., a wholly owned subsidiary Delaware company, which will conduct operations in the U.S. A 50% interest was taken in the drilling of three wells in Clay County, Illinois, which resulted in two dry holes and one oil discovery which has been placed on production. Further development drilling is planned.

Shareholders elected a new Board of Directors at your company's annual meeting held on May 30, 1969. At a meeting of the Board of Directors held immediately after the annual meeting R. A. Burton was dismissed as Vice-President and General Manager and P. A. Smith was dismissed as Secretary-Treasurer. R. H. Krempulec was elected Secretary. Subsequently L. Casciato was engaged as General Manager.

It gives me much pleasure to inform you that Mr. Casciato has agreed to take an important role in the management of your company's affairs. His extremely successful career as an executive and former part-owner of one of Canada's largest operations research companies has involved him in many areas of business and provided him with valuable management experience.

Your company has initiated an action in the Supreme Court of Ontario against R. A. Burton and P. A. Smith, former directors and officers of Ram, for the recovery of 430,000 Ram treasury shares issued to them. In addition your company is seeking the return of \$26,617 expended by them.

On behalf of the Board,
R. J. Opekar,
President.

RAM PETROLEUMS LIMITED
And its Subsidiary Company
Fibrop Mines and Oils Limited
CONSOLIDATED STATEMENT OF INCOME
(Subject to Audit and Year End Adjustments)

	Six months ended June 30th	
	1969	1968
Revenue from oil production (note 1)	\$ 678	\$ 2,405
Less expenses	368	1,073
	310	1,332
Interest and dividend income	7,137	315
	7,447	1,647
Exploration and development expenses	—	7,362
Administrative and general expenses (see note 2)	62,929	11,420
	62,929	18,782
Loss before undernoted items	55,482	17,135
Deduct gain on sale of securities and claims	—	9,545
Add write-off of equipment and development expenditures	40,208	—
Loss for the period	\$95,690	\$ 7,590

**INTERIM STATEMENT OF SOURCE
AND APPLICATION OF FUNDS**
(Subject to Audit and Year End Adjustments)

	Six months ended June 30th	
	1969	1968
Source of Funds		
Issue of common shares	\$ —	\$ 40,000
Deferred income (see note 1)	572,215	—
	572,215	40,000
Application of funds		
Loss for the period	95,690	7,590
Deduct items not involving a current outlay of funds		
Mining claims written off	—	1,500
Equipment and development expenditures written off	40,208	—
	55,482	6,090
Additions to capital assets	61,500	234,264
Sundry deposits and advances	900	500
	117,882	240,854
Increase (decrease) in working capital	\$454,333	\$(200,854)

Note 1: Payments received from Union Gas Company of Canada Limited are treated as deferred income. Deferred income will be taken into income as physical deliveries of gas are made.

Note 2: Of this amount \$34,417.23 was expended on legal and audit charges. The Company has initiated an action against R. A. Burton and P. A. Smith, former directors and officers of the Company, for the recovery of \$15,107.60 of legal expenses. The Company is also suing P. A. Smith for \$7,100.00 of salary obtained without authorization and R. A. Burton and P. A. Smith for \$4,409.40 unnecessarily expended for security police and investigation.

*Union Gas Co. of Canada,
Chadham,*

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Note 1: On November 1, 1968, the company entered into a contract with a major gas utility company to supply the utility company with ten billion cubic feet of gas over a four-year period. The company will be paid for ninety percent of the annual volume of gas contracted for, whether the gas is taken that year or later. Delivery of gas commenced on December 31, 1969. Gas sold in the period January 1 to June 30, 1970, for which payment was received prior to December 31, 1969, amounted to \$561,903. This was previously shown as deferred income but is now included in this statement as revenue from gas production.

Note 2: Development expenditures incurred in prior years and amounting to \$168,562 have been included in current expenditures.

RAM PETROLEUMS LIMITED

(Incorporated under the laws of Ontario)

Executive and Head Office	Suite 4001 Toronto-Dominion Bank Tower Toronto-Dominion Centre Toronto 111, Ontario
Directors	HOWARD BARCLAY RICHARD H. KREMPULEC RALPH W. McDOWELL ROBERT J. OPEKAR R. BREDIN STAPELLS, Q.C.
Officers	ROBERT J. OPEKAR, President RICHARD H. KREMPULEC, Secretary
General Manager	LEONARD CASCIATO
Transfer Agent	GUARANTY TRUST COMPANY OF CANADA Toronto, Ontario
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General Counsel	STAPELLS, SEWELL, STAPELLS, PATTERSON & ROGERS Toronto, Ontario

RAM

Petroleum Limited

Interim Report 1970

To The Shareholders:

During the six months ended June 30, 1970, your company delivered 2.78 billion cubic feet of gas with a value of \$1,139,758. Of this amount, \$561,903 was received by the company during the 1969 fiscal year, but was treated as deferred income. Now that physical delivery of this make-up gas has been made, this amount has been included in income for the current period. It should be noted, however, that the physical level of deliveries will decline after make-up deliveries are completed in the near future.

Net income for the period was \$676,764 compared to a loss of \$95,690 for the first six months of 1969.

Your company has continued to diversify its activities in natural resources ventures and investments.

In June of 1970, your company filed on an additional 393,818 acres of oil and gas permits located in the Cumberland Basin which is off-shore from Baffin Island in the N.W.T. These additional filings bring your company's total land holdings in this area to approximately 1.1 million acres.

Your company holds approximately 537,000 acres of oil and gas permits on the east side of the MacKenzie Delta in the N.W.T. One permit block of 240,000 acres located in Keith Arm of Great Bear Lake will be evaluated by marine seismic survey during the summer of this year.

In Ontario your company has completed an evaluation of lands in Lambton county, Ontario, and proposes the drilling of three test wells before the end of this year. In addition, your company is a participant to the extent of 27½% in a Cambrian test well drilled in Raleigh Township, Kent county, Ontario, which encountered a show of gas and which will be evaluated in the near future. A second well in this area is being drilled.

On the 21st day of July, at an adjournment of your general and special meeting of shareholders, a special resolution increasing the authorized capitalization of the company from four to eight million common shares was approved.

On behalf of the Board,

R. J. Opekar,
President.

RAM PETROLEUMS LIMITED

and subsidiary companies

CONSOLIDATED STATEMENT OF INCOME

(Subject to audit and year end adjustments)

Six Months Ended June 30, 1970

(with comparative figures for the six months ended June 30, 1969)

	1970	1969
Revenue from gas production (note 1)	\$1,139,758	—
Revenue from oil production	6,206	\$ 678
	1,145,964	678
Less expenses	12,599	368
	1,133,365	310
Interest and dividend income	10,288	7,137
	1,143,653	7,447
Exploration and development Expenses (note 2)	251,521	
Abandoned well costs, leases and mining claims		40,208
Administrative and general expenses	64,368	62,929
	315,889	103,137
Income (loss) before income taxes and extraordinary item	827,764	(95,690)
Income taxes	287,000	
Income (loss) before extra- ordinary item	540,764	(95,690)
Income tax reduction applic- able to amounts included in income in current year which in prior years were deferred and included in income for tax purposes	136,000	
Net income (loss) for the period	\$ 676,764	\$ (95,690)

RAM PETROLEUMS LIMITED

and subsidiary companies

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

(Subject to audit and year end adjustments)

Six Months Ended June 30, 1970

(with comparative figures for the six months ended June 30, 1969)

	1970	1969
Source of funds		
Net income for the period	\$ 676,764	
Items not involving current funds		
Deferred income received in prior years	(561,903)	
Depreciation and amorti- zation	7,402	
Development expendi- tures incurred in prior years	168,562	
	290,825	
Deferred income		\$ 572,515
	290,825	572,515
Application of funds		
Loss for the period		95,690
Item not involving current funds		
Abandoned well costs, leases and mining claims written off		(40,208)
		55,482
Additions to capital assets	41,818	61,500
Sundry deposits and ad- vances	20	900
Investments	663,981	
Deferred mining expense	15,680	
	721,499	117,882
Increase (decrease) in work- ing capital	(430,674)	454,633
Working capital at beginning of period	542,924	97,924
Working capital at end of period	\$ 112,250	\$ 552,557

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RAM

Petroleums Limited

Annual Report 1970

RAM PETROLEUMS LIMITED

(Incorporated under the laws of Ontario)

Executive and Head Office

Suite 1000,
The Simpson Tower,
401 Bay Street,
Toronto 103, Ontario

Directors

HOWARD BARCLAY
RICHARD H. KREMPULEC
RALPH W. McDOWELL
ROBERT J. OPEKAR
R. BREDIN STAPELLS, Q.C.

Officers

ROBERT J. OPEKAR, *President*
RICHARD H. KREMPULEC, *Secretary*

General Manager

LEONARD CASCIATO

Transfer Agent

GUARANTY TRUST COMPANY OF CANADA
Toronto, Ontario

Auditors

THORNE, GUNN, HELLIWELL & CHRISTENSON
Toronto, Ontario

Banker

ROYAL BANK OF CANADA
20 King St. W.,
Toronto, Ontario

General Counsel

STAPELLS, SEWELL, STAPELLS,
PATTERSON & ROGERS
Toronto, Ontario

RAM PETROLEUMS LIMITED

Your Company made good progress in 1970. Gas and oil sales totalled \$1,737,960 up from \$10,681 in 1969. In 1969 your Company received substantial prepayments for gas which was not delivered until 1970. For accounting purposes \$780,811.89 was reclassified as net income in 1970 from deferred income in 1969 and had the effect of increasing net income an equal amount. Net income for 1970 was \$833,914 compared to a loss of \$212,044 in 1969.

Your Company has continued to increase its holdings of prospective oil and gas lands. At present these are as follows:

	Oil & Gas Permits		Oil & Gas Leases
	On-Shore	Off-Shore	
New Brunswick	316,800a	65,000a	
N.W.T. —			
Baffin Island		1,087,410b	
N.W.T. —			
Great Bear Lake	550,058b	239,811b	
Nova Scotia	259,019a	626,970a	
Ontario			15,600
U.S.A. — Michigan			11,650c
U.S.A. — Illinois			399c
Net Acres	1,125,877	2,019,191	27,649

Note:

a—Provincial Oil & Gas Permits

b—Federal Oil & Gas Permits

c—Acreage held by wholly owned subsidiary Ram Petroleum Inc.

Exploration was carried out in Ontario where your Company participated in the drilling of 10 gross wells which equalled 5.6 net wells. This has resulted to date in 7 dry holes, one producing gas well in which Ram has 100% interest, one shut in gas well in which Ram has 27½% interest and one well in the process of being drilled in which Ram has a 50% interest.

A marine seismic survey of Keith Arm, Great Bear Lake, Northwest Territories, in which your Company planned to participate during the summer of 1970, was postponed due to equipment breakdown and delays experienced by the geophysical contractor. This survey will be carried out during the summer of 1971. Also, an aeromagnetic survey is planned for your Company's off-shore Baffin Island, Northwest Territories permits during 1971.

Your Company participated to the extent of 40% in an extensive mining exploration program on claims

adjacent to the Island Copper Mine open pit operation at Port Hardy, Vancouver Island. This program was unsuccessful in proving a commercial ore-body. In Ontario, your Company completed an induced polarization survey on claims near Chapman Lake, District of Thunder Bay and participated to the extent of 50% in a preliminary drilling program of a tremolite prospect in Palmerston Township. Samples from these drill cores are presently being tested to determine the commercial value, if any, of the material encountered.

In order to develop an income producing asset, your Company has made a substantial investment in the shares of Mextor Minerals Limited, which through its Mexican associated company, Compania Minera de Pinabete S.A., is developing a silver property in the State of Nayarit, Mexico. Progress has been encouraging and work is planned to prove up initially about 700,000 tons of ore grading more than 10 oz. silver with low values in gold. Work has been restricted to a portion of the structure and has not tested the horizontal or downward extension of the ore zones. When this takes place we are hopeful that considerable additional tonnage will be developed. Pinabete is also exploring a copper prospect in the State of Jalisco, called La Luz, and another silver prospect in Nayarit located close to the main property. This prospect is called La Trinidad and has the possibility of developing into a large tonnage low grade silver mine. Your Company has agreed to advance to Mextor Minerals Limited in 1971 an additional \$210,000 which is convertible at the Company's option into 300,000 shares of Mextor Minerals Limited. In the event that this option is exercised the Company will become the controlling shareholder of Mextor Minerals Limited.

To keep pace with the increased workload and scope of opportunities, the Company has expanded both staff and office facilities. Two professional members have joined the staff: Mr. Cy Hadley, P.Geol., P.Eng., petroleum geologist, and Dr. Charles Allen, P.Eng., mining geologist. An efficient secretarial and bookkeeping department has been organized to meet the specific demands of a growing exploration company. The office is now housed in larger quarters at Suite 1000, The Simpson Tower. We feel that with the present complement of staff and facilities, the Company is in an excellent position to take full advantage of the opportunities that lie ahead.

R. J. OPEKAR,
President.

May 21, 1971.

AUDITORS' REPORT

To the Shareholders of
Ram Petroleums Limited

We have examined the consolidated balance sheet of Ram Petroleums Limited and subsidiary companies as at December 31, 1970 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, subject to any adjustments which may result from the final determination of the matters described in note 6, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1970 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, GUNN, HELLIWELL & CHRISTENSON,
Chartered Accountants.

Toronto, Canada
March 8, 1971

RAM PETROL

(Incorporated under
and subsid

CONSOLIDATED BALANCE

(with comparative figur

ASSETS

	1970	1969
CURRENT ASSETS		
Cash and short term deposits	\$ 44,444	\$ 383,787
Accounts receivable	123,004	173,521
Mortgage receivable	15,000	
Prepaid expenses	1,732	6,992
	<u>184,180</u>	<u>564,300</u>
CAPITAL ASSETS		
Interest in natural gas and oil leases and mining claims, at cost less amortization	86,651	76,313
Equipment, at cost less accumulated depreciation	84,406	87,902
Development costs deferred, less amortization	266,361	346,173
Improvements to leased premises, less amortization	1,767	2,509
	<u>439,185</u>	<u>512,897</u>
OTHER ASSETS, at cost		
Government of Canada bonds (quoted market value 1970, \$238,200; 1969, \$50,000) on deposit (note 2)	223,563	50,125
Shares in other companies (quoted market value 1970, \$579,950; 1969, \$52,250)	576,166	61,342
Land	37,079	35,806
Deferred mining expenses	22,010	11,739
Exploration permits	6,008	3,729
Sundry deposits and advances	17,818	8,939
Organization expense		1,014
	<u>882,644</u>	<u>172,694</u>
	<u>\$1,506,009</u>	<u>\$1,249,891</u>

UMS LIMITED

(In accordance with the
laws of Ontario)
companies

STATEMENT OF FINANCIAL POSITION — DECEMBER 31, 1970

(Balance Sheet as at
December 31, 1969)

LIABILITIES

	1970	1969
	<u> </u>	<u> </u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 10,401	\$ 21,376
Income taxes payable	29,990	
	<u>40,391</u>	<u>21,376</u>
DEFERRED INCOME		
Billings under contract for natural gas not delivered (note 3)	369,435	1,150,246
DEFERRED INCOME TAXES (note 4)	<u>184,000</u>	

SHAREHOLDERS' EQUITY

CAPITAL STOCK		
Authorized (note 5)		
150,000 6% Non-cumulative preference shares, redeemable at par value \$1		
8,000,000 Common shares, par value 25¢		
Issued		
3,062,000 Common shares	765,500	765,500
Deduct discount less premium on issue of shares	11,200	11,200
	<u>754,300</u>	<u>754,300</u>
RETAINED EARNINGS (Deficit)	157,883	(676,031)
	<u>912,183</u>	<u>78,269</u>
Approved by the Board:		
ROBERT J. OPEKAR, Director.		
RICHARD H. KREMPULEC, Director.		
	<u>\$1,506,009</u>	<u>\$1,249,891</u>

RAM PETROLEUMS LIMITED

and subsidiary companies

Consolidated Statement of Income

Year Ended December 31, 1970

(with comparative figures for 1969)

INCOME	1970	1969
Gas sales (note 3)	\$1,721,006	\$ 2,284
Oil sales	16,954	8,397
	<u>1,737,960</u>	<u>10,681</u>
Less expenses	167,021	8,235
	<u>1,570,939</u>	<u>2,446</u>
Interest and dividends earned	38,861	26,910
	<u>1,609,800</u>	<u>29,356</u>
EXPLORATION AND DEVELOPMENT EXPENSES		
Abandoned well costs, leases and mining claims	198,174	102,340
Oil, gas and mining consulting fees	13,487	1,800
Lease and royalty payments	51,794	
Sundry exploration expenses	18,758	
	<u>282,213</u>	<u>104,140</u>
ADMINISTRATIVE AND GENERAL EXPENSES		
Management fees	42,500	37,000
Directors' fees	9,000	5,250
Rent	7,323	7,765
Depreciation of office equipment and amortization of improvements to leased premises	4,689	4,991
Salaries	19,104	9,689
Travel expense	11,692	5,949
Legal and audit	51,900	25,363
Shareholders' expense	5,118	2,352
Secretarial and accounting fees	2,659	1,491
Interest expense	279	3,888
Corporate and office expense	7,640	7,186
Bad debt expense	67,146	
Organization expense	1,014	
Miscellaneous expense	5,685	3,269
	<u>235,749</u>	<u>114,193</u>
	<u>517,962</u>	<u>218,333</u>
Income (loss) before income taxes and extraordinary items	<u>1,091,838</u>	<u>(188,977)</u>
INCOME TAXES (note 4)		
Current	46,227	
Deferred	184,000	
Subject to reduction	321,000	
	<u>551,227</u>	
Income (loss) before extraordinary items	<u>540,611</u>	<u>(188,977)</u>
EXTRAORDINARY ITEMS		
Income tax reduction (note 4)	321,000	
Legal and security guard expenses in connection with action against the company and its officers		(23,067)
Loss on currency transactions	(6,943)	
Investment written off	(20,754)	
	<u>293,303</u>	<u>(23,067)</u>
Net income (loss) for the year	<u>\$ 833,914</u>	<u>\$ (212,044)</u>
Earnings (loss) per share		
Income (loss) before extraordinary items	\$.18	\$ (.06)
Net income (loss) for the year	.27	(.07)

RAM PETROLEUMS LIMITED

and subsidiary companies

Consolidated Statement of Retained Earnings

Year Ended December 31, 1970

(with comparative figures for 1969)

	1970	1969
Deficit at beginning of year	\$ 676,031	\$ 463,987
Net income (loss) for the year	833,914	(212,044)
Retained earnings (deficit) at end of year	<u>\$ 157,883</u>	<u>\$ (676,031)</u>

Consolidated Statement of Source and Application of Funds

Year Ended December 31, 1970

(with comparative figures for 1969)

	1970	1969
SOURCE OF FUNDS		
Net income for the year	\$ 833,914	
Items not involving current funds		
Deferred income realized during year	(780,811)	
Depreciation and amortization	158,111	
Abandoned well costs and mining claims	69,312	
Organization expense written off	1,014	
Deferred income taxes	184,000	
Investment written off	20,754	
	<u>486,294</u>	
Deferred income (note 3)		\$ 927,352
Sale of shares in other companies	78,304	
Proceeds from sale of equipment	1,775	
	<u>566,373</u>	<u>927,352</u>
APPLICATION OF FUNDS		
Loss for the year		212,044
Items not involving current funds		
Depreciation and amortization		(11,785)
Abandoned well costs and mining claims		(102,340)
		<u>97,919</u>
Additions to capital assets	143,747	214,839
Increase in sundry deposits and advances	8,879	5,839
Exploration permits	2,279	3,729
Investments		
Government of Canada bonds	178,250	50,125
Shares in other companies	609,070	61,342
Land	1,273	35,806
Participations	22,010	11,739
Organization expense		1,014
	<u>965,508</u>	<u>482,352</u>
Increase (decrease) in working capital	(399,135)	445,000
Working capital at beginning of year	542,924	97,924
Working capital at end of year	<u>\$ 143,789</u>	<u>\$ 542,924</u>

RAM PETROLEUMS LIMITED

and subsidiary companies

Notes to Consolidated Financial Statements

December 31, 1970

1. BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of its wholly-owned subsidiary companies, Fibrop Mines and Oils Limited for the years ended December 31, 1969 and 1970 and Ram Petroleum Inc. from incorporation on July 25, 1969.

2. GOVERNMENT OF CANADA BONDS ON DEPOSIT

The company has deposited \$215,000 par value Government of Canada bonds having a cost of \$218,455 as a guarantee that exploration expenditures equal thereto will be made.

3. GAS PURCHASE CONTRACT

On November 1, 1968 the company entered into a contract with a major gas utility company to supply the utility company with ten billion cubic feet of gas over a four year period. The company will be paid for ninety percent of the annual volume of gas contracted for, whether the gas is taken that year or later. Delivery of gas commenced on December 31, 1969.

4. INCOME TAXES

At December 31, 1969 the company had an unrecorded tax benefit, as income reported for tax purposes but deferred in the accounts exceeded development and other costs deferred in the accounts but claimed for tax purposes.

At December 31, 1970 income deferred for tax purposes is the same as income deferred in the accounts. Deferred income taxes relate substantially to differences between development and other costs deferred in the accounts but claimed for tax purposes.

The income tax reduction reflected in the statement of income as an extraordinary item results from the realization in 1970 of the unrecorded tax benefit at December 31, 1969.

5. CAPITAL STOCK

By supplementary letters patent, dated July 24, 1970, the authorized capital of the company was increased by creating an additional 4,000,000 common shares.

6. LITIGATION

(a) A Writ of Summons was issued out of the Supreme Court of Ontario on June 6, 1969 by Roy A. Burton against Robert Jan Opekar and others, for an Order cancelling all shares in the capital stock of the Company beneficially owned by the said Robert J. Opekar and others. If the action was successful, approximately 50% of the issued capital of the Company would be cancelled. The Writ also claims injunctive relief, damages and a declaration that the present Board of Directors was not validly elected. Examinations for discovery have not as yet been concluded.

(b) A Writ of Summons was issued out of the Supreme Court of Ontario on July 30, 1969 by the Company against Roy A. Burton and Paul A. Smith claiming the cancellation of 430,000 common shares issued by the Company to the said defendants and other relief. The defendants have refused to appear for examinations for discovery and the company is attempting to obtain a court order compelling their appearance.

(c) A Writ of Summons was issued out of the Supreme Court of Ontario on June 29, 1970 by Roy A. Burton against the Company and its Directors asking for a declaration that the Shareholders Meetings held on June 30, 1970 and July 21, 1970 are of no force or effect, seeking an injunction to restrain the Directors from acting on any resolutions passed at these meetings, damages and other relief. Examinations for discovery have not commenced.

7. OTHER STATUTORY INFORMATION

	1970	1969
Remuneration of directors and senior officers (as defined by the Business Corporations Act, 1970)	\$ 40,222	\$ 14,480
Depreciation	34,308	4,456
Amortization	123,803	7,329

